

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
COMMERCE/CREDIT UNION  
DIVISION BILL)

**A BILL FOR**

1 An Act relating to state credit union examinations and board  
2 meetings called by the superintendent of credit unions, and  
3 providing penalties.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 533.113, Code 2017, is amended to read  
2 as follows:

3 **533.113 Examinations.**

4 1. The superintendent may do any or all of the following:

5 a. Make or cause to be made an examination of a credit  
6 union whenever the superintendent believes such examination is  
7 necessary or advisable, but in no event less frequently than  
8 once during each twenty-four-month period.

9 b. Make or cause to be made such limited examinations at  
10 such times and with such frequency as the superintendent deems  
11 necessary and advisable to determine the condition of any state  
12 credit union and whether any person has violated the provisions  
13 of this chapter.

14 c. Make or cause to be made an examination of any  
15 corporation or credit union service organization in which a  
16 state credit union owns shares or has made an investment.

17 d. Make or cause to be made an examination of any person  
18 having business transactions or a relationship with any  
19 state credit union when such examination is deemed necessary  
20 and advisable in order to determine whether the capital of  
21 the state credit union is impaired or whether the safety of  
22 its deposits, its financial information or accounts, or its  
23 computer systems or computer networks, is imperiled.

24 e. Accept, in lieu of the examination of a state credit  
25 union, or any corporation or credit union service organization  
26 in which a state credit union owns shares or has made an  
27 investment, or of any person having business transactions or a  
28 relationship with any state credit union, an examination report  
29 prepared by a federal regulatory authority.

30 f. Accept, in lieu of the examination of a state credit  
31 union, an audit report conducted by a certified public  
32 accounting firm selected from a list of firms previously  
33 approved by the superintendent. The cost of the audit shall be  
34 paid by the state credit union.

35 g. Accept, in lieu of the examination of an out-of-state

1 credit union which also conducts business in this state, an  
2 examination report prepared by a state or federal regulatory  
3 authority.

4 *h.* Retain, at the examinee's expense, accountants,  
5 investigators, and other experts as reasonably necessary to  
6 assist in the conduct of the examination. Any person so  
7 retained shall serve in a purely advisory capacity at the  
8 direction of the superintendent.

9 2. A state credit union and all of its officers and agents  
10 shall give to the representatives of the superintendent free  
11 and unimpeded access to all books, papers, securities, records,  
12 and other sources of information under their control.

13 3. *a.* A report of examination shall be forwarded to the  
14 chairperson of a state credit union within thirty days after  
15 the completion of the examination. Within thirty days of the  
16 receipt of this report, a meeting of the directors shall be  
17 called by the state credit union to consider matters contained  
18 in the report and the action taken shall be set forth in the  
19 minutes of the board.

20 *b.* The report of examination of any affiliate or of any  
21 person examined as provided in this subsection shall not be  
22 transmitted by the superintendent to any such affiliate or  
23 person or to the board of directors of any state credit union  
24 unless authorized or requested by such affiliate or person.

25 *c.* All reports of examinations, including any copies of  
26 such reports in the possession of any person other than the  
27 superintendent or employee of the credit union division,  
28 including any state credit union, agency, or institution  
29 to which any report of such examination may be furnished  
30 under this section, or section 533.108 or 533.325, shall be  
31 confidential communications, shall not be subject to subpoena  
32 from any person except as provided in section 533.108,  
33 subsection 2, paragraph "b", and shall not be published, shared,  
34 or made public in any way by any person without the written  
35 authorization of the credit union division and the execution of

1 a confidentiality agreement between all of the parties pursuant  
2 to section 533.108, subsection 1, paragraph "d".

3 d. All reports of examinations, including any copies of  
4 such reports in the possession of any person other than the  
5 superintendent or employee of the credit union division, shall  
6 remain the exclusive property of the credit union division.

7 ~~4. a. Whenever the superintendent deems it necessary~~  
8 ~~and advisable, the superintendent may notify the board of~~  
9 ~~directors of a state credit union that a meeting will be held~~  
10 ~~at a place and time and manner as the superintendent directs.~~  
11 ~~The superintendent's notice may disclose the purpose of the~~  
12 ~~meeting.~~

13 ~~b. The superintendent may present to the board at the~~  
14 ~~meeting any item the superintendent desires to bring to the~~  
15 ~~attention of the board, including but not limited to any report~~  
16 ~~of an examination required or allowed by this chapter, any~~  
17 ~~conclusions or projections drawn by the superintendent, any~~  
18 ~~recommendations made relative to a report of an examination,~~  
19 ~~and any other matters concerning the operation and condition of~~  
20 ~~the state credit union.~~

21 ~~c. The state credit union shall cause the matters presented~~  
22 ~~at the meeting to be recorded in the minutes of the meeting.~~

23 ~~d. Each member of the board of directors shall furnish~~  
24 ~~the superintendent a statement on forms supplied by the~~  
25 ~~superintendent that the member is familiar with the matters~~  
26 ~~presented by the superintendent.~~

27 ~~5. 4.~~ The superintendent may require any of the following  
28 state credit unions to submit to an additional examination  
29 or to an independent audit performed by a certified public  
30 accounting firm as provided in subsection 1, paragraph "f", at  
31 the expense of the state credit union:

32 a. A state credit union where the records are inadequate.

33 b. A state credit union in which the books have not been  
34 balanced as of the end of the month not less than thirty days  
35 previously.

1     *c.* A state credit union whose affairs are in an unfavorable  
2 condition.

3     ~~6.~~ 5. The superintendent may furnish a copy of the  
4 examination report and materials relating to any or all  
5 examinations made of any state credit union and any affiliate  
6 of a state credit union to any or all of the following,  
7 including any official or supervising examiner of any office  
8 or regulatory authority:

9     *a.* The national credit union administration.

10    *b.* The federal deposit insurance corporation.

11    *c.* The federal reserve system.

12    *d.* The office of the comptroller of the currency.

13    *e.* The federal home loan bank.

14    *f.* Financial institution regulatory authorities of other  
15 states.

16    *g.* The financial crimes enforcement network of the United  
17 States department of the treasury.

18     ~~7. If the superintendent concludes that a state~~  
19 ~~credit union's affairs are in an unfavorable condition,~~  
20 ~~the superintendent may direct the state credit union to~~  
21 ~~consider consolidation, dissolution, or any other form of~~  
22 ~~reorganization.~~

23     6. The superintendent may impose a penalty, after notice  
24 in writing and opportunity for a hearing, for a violation of  
25 this section. If a state credit union fails to satisfactorily  
26 resolve the matter within sixty days from receipt of such  
27 notice, the superintendent may impose a penalty against the  
28 state credit union in an amount not to exceed one hundred  
29 dollars per day per violation for each day that the violation  
30 remains unresolved.

31     Sec. 2. NEW SECTION. 533.113A Meetings of the board called  
32 by superintendent.

33     1. Whenever the superintendent deems it necessary and  
34 advisable, the superintendent may notify the board of directors  
35 of a state credit union that a meeting will be held at a

1 place and time and manner as the superintendent directs.

2 The superintendent's notice may disclose the purpose of the  
3 meeting.

4 2. The superintendent may present to the board at the  
5 meeting any item the superintendent desires to bring to the  
6 attention of the board, including but not limited to any report  
7 of an examination required or allowed by this chapter, any  
8 conclusions or projections drawn by the superintendent, any  
9 recommendations made relative to a report of an examination,  
10 and any other matters concerning the operation and condition of  
11 the state credit union.

12 3. Each member of a board of directors required to hold a  
13 meeting with the superintendent pursuant to this section shall  
14 furnish a statement to the superintendent, on forms supplied by  
15 the superintendent, that the member acknowledges the matters  
16 presented by the superintendent.

17 4. A state credit union required to hold a meeting with the  
18 superintendent pursuant to this section shall cause the matters  
19 presented at such meeting to be recorded in the minutes of the  
20 meeting.

21 5. If the superintendent concludes that a state  
22 credit union's affairs are in an unfavorable condition,  
23 the superintendent may direct the state credit union to  
24 consider consolidation, dissolution, or any other form of  
25 reorganization.

26 EXPLANATION

27 The inclusion of this explanation does not constitute agreement with  
28 the explanation's substance by the members of the general assembly.

29 This bill relates to state credit union examinations and  
30 board meetings called by the superintendent.

31 The bill modifies Code section 533.113, relating to the  
32 examinations of state credit unions, by providing that the  
33 reports of examinations, including any copies furnished to any  
34 person outside of the credit union division, are confidential  
35 communications, are not subject to subpoena, are not to be

1 published or made public by any person without the credit  
2 union division's written authorization and the execution of a  
3 confidentiality agreement between all of the parties, and are  
4 the exclusive possession of the credit union division. The  
5 bill authorizes penalties for any violation of Code section  
6 533.113. The superintendent may impose a penalty of not more  
7 than \$100 per day per violation for each day that the violation  
8 is unresolved, after notice and an opportunity for a hearing  
9 and a 60-day period for resolving the violation.

10 The bill deletes Code section 533.113(4), allowing the  
11 superintendent to call a meeting of the board of directors of  
12 a state credit union, and Code section 533.113(7), allowing  
13 the superintendent to direct a state credit union to consider  
14 consolidation, dissolution, or any other form of reorganization  
15 if the superintendent concludes that its affairs are in an  
16 unfavorable condition. However, the language from these  
17 sections is incorporated into new Code section 533.113A.  
18 In addition, the bill requires each member of a board of  
19 directors required to hold a meeting with the superintendent  
20 under new Code section 533.113A to furnish a statement to  
21 the superintendent that the member acknowledges the matters  
22 presented at the meeting. The matters presented at such  
23 meeting must also be recorded in the meeting minutes.